



Claire McCaskill  
Missouri State Auditor

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June 2005

STATEWIDE

# Heavy Equipment Utilization



## **Money may be saved if three state departments buying similar tractors, trucks coordinated purchases**

This audit reviewed whether three departments - Conservation, Natural Resources (DNR) and Transportation (MoDOT) - coordinated their purchases of trucks, tractors and specialty equipment to achieve the lowest prices. The three departments spent \$31 million on heavy equipment during the 2003 and 2004 fiscal years, with about \$10 million spent on very similar equipment, often from the same manufacturer. In addition, auditors analyzed how well each department monitors the equipment use. Auditors recommended the three agencies periodically meet to discuss coordinating equipment purchases.

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### **Conservation saved money by buying off MoDOT contract**

Auditors found Conservation used an existing MoDOT heavy equipment contract to save \$21,000 on a \$72,000 purchase of four skid steer loaders in 2003. Conservation usually purchases through the Office of Administration (OA), but after reviewing bids obtained by OA, realized it could save money purchasing the loaders through the MoDOT contract. (See page 6)

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### **Officials said they could coordinate more**

Department officials acknowledged they have not coordinated annual equipment purchases or determined potential savings with consolidated purchasing. State law requires Conservation and DNR to obtain purchasing approval from the OA, before buying from a MoDOT contract. OA officials said they are not opposed to the two agencies buying through MoDOT if savings occur. (See page 6)

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### **All agencies lack good policies to ensure full use of equipment**

The agencies lacked adequate policies and criteria to ensure full use of the owned and leased heavy equipment. MoDOT's 2003 analysis showed 9 out of 10 districts used tractors less than the department's 300 hours a year criteria. In addition, auditors found MoDOT had 292 tractors that did not meet its use criteria. Conservation has tracked tractor use, but not established specific use criteria. DNR also has not established use thresholds, and has not analyzed its usage data for trends. (See pages 7, 10)

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### **Equipment could be shared more among MoDOT districts**

Auditors found tractor use varied substantially within MoDOT's 10 districts. For example, one district's weekly tractor use ranged from 1 to 3 hours per week. MoDOT does not have a policy requiring districts to share equipment when possible. MoDOT officials said districts have shared equipment, but the extent of sharing was not tracked. (See page 9)

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**CLAIRE McCASKILL**  
**Missouri State Auditor**

Honorable Matt Blunt, Governor  
and  
Michael Keathley, Commissioner  
Office of Administration  
and  
John Hoskins, Director  
Department of Conservation  
and  
Doyle Childers, Director  
Department of Natural Resources  
and  
Pete K. Rahn, Director  
Department of Transportation  
Jefferson City, 65102

During fiscal years 2003 and 2004, the Departments of Conservation, Natural Resources (DNR), and Transportation (MoDOT), collectively spent about \$31 million to procure heavy equipment such as trucks, tractors, and specialty equipment to carry out operations. Our objectives included determining whether agencies coordinated purchases to achieve lower prices and fully utilized state-owned or leased heavy equipment.

We found the departments had not always coordinated purchases of heavy equipment, and opportunities exist to achieve lower prices through increased coordination. In addition, oversight of heavy equipment could be enhanced by developing policies addressing tractor and other heavy equipment use. The policies should address (1) utilization criteria for heavy equipment, (2) the disposition of underutilized heavy equipment, and (3) sharing of heavy equipment.

We conducted our audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. This report was prepared under the direction of Kirk Boyer. Key contributors to this report were John Mollet, Ben Douglas, Danielle Parker, and Adrian Kennedy.

Claire McCaskill  
State Auditor

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## Abbreviations

DNR	Department of Natural Resources
MoDOT	Department of Transportation
OA	Office of Administration
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office

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# Opportunities Exist to Improve Procurement and Utilization of Heavy Equipment

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The Departments of Conservation, Natural Resources (DNR), and Transportation (MoDOT) purchased or leased the same, or similar, heavy equipment items. Opportunities exist for these agencies to pay less for heavy equipment by increasingly coordinating procurement. In addition, the departments could enhance oversight of heavy equipment by developing policies addressing the utilization of tractors and other heavy equipment. The policies should address (1) heavy equipment utilization criteria, (2) underutilized heavy equipment disposition, and (3) heavy equipment sharing.

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## Background

Conservation, DNR, and MoDOT rely extensively on heavy equipment to carry out construction and maintenance operations. Heavy equipment includes heavy duty trucks, various tractors such as loaders and backhoes, and specialty equipment. These three agencies use heavy equipment for general maintenance, road and bridge construction, fish and wildlife preservation and state park development.

These agencies have defined heavy equipment differently. For example, while Conservation considered all non-automotive equipment used for construction and maintenance, regardless of size or weight class, as heavy equipment; MoDOT classified any equipment weighing more than one ton as heavy equipment. On the other hand, DNR has classified its heavy construction and maintenance equipment in two categories. The first category includes equipment of less than 100 horsepower and less than 20,000 pounds, used for routine and ongoing maintenance of parks, facilities, and grounds. The second category includes equipment over 100 horsepower and over 20,000 pounds used for construction and heavy maintenance of park facilities and infrastructure.

The agencies have different procurement authority. MoDOT has procurement authority under state law<sup>1</sup> to procure its heavy equipment. On the other hand, state law<sup>2</sup> requires Conservation and DNR to purchase heavy equipment through the Office of Administration's (OA) procurement authority. However, section 34.046, RSMo 2000 permits the Commissioner of Administration to contract directly with or participate in a cooperative purchasing agreement with other governmental entities. This law allows OA the ability to use contracts created by MODOT and vice versa.

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<sup>1</sup> Section 227.030, Missouri Revised Statutes (RSMo) 2000.

<sup>2</sup> Chapter 34, RSMo 2000.

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## Scope and Methodology

Because of the varied definitions of heavy equipment, we looked at a broad range of construction and maintenance equipment, but limited our review to equipment with procurement values of \$10,000 or more. We selected the \$10,000 threshold because of the variances in equipment size and age. For example, some smaller newer equipment may cost \$10,000 or more while some older heavier equipment may have also cost \$10,000 or more at the time of purchase. Weight and horsepower are also not the best equipment indicators because some smaller equipment may have similar horsepower to larger heavier equipment. We obtained equipment inventory data from Conservation, DNR, and MoDOT to evaluate equipment purchases and utilization. For example, these departments own and use various size tractors as part of construction and maintenance functions. Because all of the departments have large utility tractor inventories, used primarily for mowing, we focused our review efforts on these tractors.

To assess whether equipment had been purchased in a cost-effective manner, we interviewed officials responsible for heavy equipment procurement and utilization—MoDOT's General Services Director and Fleet Manager, Conservation's Fleet Manager and Business and Support Services Manager, DNR's General Services Purchasing Coordinator and Fleet Manager, and OA's Division of Purchasing and Materials Management Director and Section Manager. We also obtained and reviewed:

- state laws and available agency policies governing equipment procurement for the agencies in our review.
- departments' procurement data for fiscal years 2003 and 2004 (including lease procurements). In addition, we reviewed individual department procurements, when available, to determine the potential for savings. We also contacted an equipment contractor with a current state equipment contract to obtain costs for comparison purposes.

To evaluate equipment usage, we interviewed officials responsible for utilization procedures, policies, and practices and analyzed department equipment inventory lists along with information on equipment use patterns. In addition, we analyzed information from agency equipment utilization studies, when available. We also interviewed officials at six of MoDOT's ten district locations. At five of the six MoDOT districts visited, we also visited three road maintenance facilities within each of those districts. In addition, we interviewed officials at four of Conservation's ten heavy equipment maintenance facilities and DNR officials at three of its four construction units. We also observed equipment and interviewed park superintendents at six DNR state parks. All of the units visited had equipment assigned to them or had responsibility for repairing assigned equipment.

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For computerized inventory data obtained from the three departments, we reviewed existing documentation supporting the data and interviewed agency officials knowledgeable about the data or equipment usage reports. We determined that the computerized inventory data were sufficiently reliable for purposes of this report.

We requested comments on a draft of our report from the Directors of the Departments of Conservation, Natural Resources, and Transportation, and the Commissioner of Administration. We conducted our work between April 2004 and January 2005.

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## Better Coordination Could be Achieved on Heavy Equipment Purchases

**Table 1: Heavy Equipment  
Purchases (dollars in millions)**

Conservation and DNR have purchased heavy equipment without always determining whether the items could be purchased through another agency contract at less cost. During fiscal years 2003 and 2004, the three departments spent over \$31 million<sup>3</sup> to procure heavy equipment such as dump trucks, various tractors, and specialty items. Table 1 depicts the amount of heavy equipment purchased by the departments.

Department	Fiscal year 2003 purchases	Fiscal year 2004 purchases
MoDOT <sup>1</sup>	\$15.2	\$12.0
Conservation	1.3	1.8
DNR	0.4	0.6
Totals	\$16.9	\$14.4

<sup>1</sup>These figures represent procurements from June 2002 through May 2004.

Source: Department records.

We found the three departments spent about \$10 million, or about one-third of the departments' heavy equipment purchases for fiscal years 2003 and 2004, on the same, or similar, heavy equipment. For example, Conservation signed a contract in March 2004 to purchase nine heavy duty trucks costing \$643,113, or \$71,457 per truck. However, we found MoDOT had a contract with the same vendor to purchase similar tandem axle truck chassis that could be used to develop several different type trucks (such as heavy duty dump trucks) when fitted with different body platforms.

According to a contractor official, the trucks sold to Conservation had the same basic engine and chassis specifications as the MoDOT trucks, and Conservation could have purchased its trucks through the MoDOT contract. The official said although Conservation purchased different body equipment

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<sup>3</sup> Represents procurements of \$10,000 or more.

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than MoDOT, Conservation may have saved funds had they purchased the engine and chassis through the MoDOT contract and obtained separate cost estimates for the truck bodies.<sup>4</sup> Conservation's procurement official told us while aware of the MoDOT contract; he did not request OA's approval to use it because he did not realize they could purchase the chassis portion separately from the truck body, as the MoDOT contract did not include options Conservation needed for its truck body. He also said, because of our work, he planned to request OA's approval to purchase trucks the agency currently needs, through MoDOT contracts.

We also found the three departments had purchased 223 tractors<sup>5</sup> during 2003 and 2004, costing \$10,000 or more. Of those, over half (139) tractors had the same manufacturer and 23 (about 10 percent) had the same model number. Because equipment purchased often included different optional features, we could not quantify potential savings the departments may have realized through coordinating tractor purchases.

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Some savings have been achieved

In contrast to the above examples, we found Conservation used an existing MoDOT contract in 2003 to save \$21,000 on a \$72,000 purchase of four skid steer loaders. In March 2003, Conservation requested OA obtain cost estimates on skid steer loaders. After Conservation received bids for the items from a contractor, a Conservation official became aware the department could purchase the items at reduced costs through a MoDOT contract. Conservation obtained approval from OA to purchase its skid loaders through MoDOT's contract, and cancelled its request for bids.

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Officials recognize more can be done

Although Conservation and DNR have procured some comparable equipment through MoDOT contracts, department officials acknowledged they have not coordinated equipment purchases on an annual basis, or determined potential savings associated with consolidated procurements. Agency procurement officials told us they have not evaluated coordinating purchases because MoDOT has separate procurement authority that Conservation and DNR do not have. Department procurement officials agreed periodic collaboration among the agencies could result in reduced procurement costs for all three agencies.

OA's purchasing division director said state law requires Conservation and DNR to first obtain approval from OA before making purchases through

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<sup>4</sup> We could not verify whether actual savings would have occurred because the vendor would not provide us cost information to determine cost differences.

<sup>5</sup> For procurement purposes tractors included various tractor types and sizes consisting of such things as backhoes, loaders as well as utility tractors.



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MoDOT. The official said OA is not opposed to Conservation and DNR procuring equipment through MoDOT.

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## Utilization Policies Needed to Enhance Management of Heavy Equipment Inventories

The departments lacked written policies and procedures to ensure full utilization of owned and leased heavy equipment. For example, MoDOT had not sufficiently established utilization policies or guidelines for heavy equipment the department uses. However, in an August 2003 study, MoDOT analyzed heavy equipment usage and based that analysis on expected average usage of 300 hours per year for tractors and 200 to 400 hours for other heavy equipment. MoDOT based its hour usage criteria on industry benchmarks as well as information MoDOT operations and maintenance divisions supplied, according to a MoDOT official.

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## MoDOT analysis recommended reductions in tractors and some heavy equipment

In August 2003, MoDOT's General Services Director sent each district engineer an analysis showing the district's (1) annual usage of owned and leased tractors, motor graders, truck/trailer distributors, and backhoes for previous fiscal years; (2) number and type currently owned and leased equipment units; and (3) number of units MoDOT recommended the districts reduce based on annual usage thresholds.<sup>6</sup> Although the analysis recommended reductions in units, MoDOT left it to district engineers to determine the number of units needed, according to the director.

The August 2003 analysis showed 9 of the 10 districts had not used tractors an average of 300 hours during the three year period, fiscal years 2001 through 2003, and recommended MoDOT districts reduce inventories by 209 tractors.<sup>7</sup> A follow-on report, dated September 2004, showed the districts had reduced equipment by 104 tractors, however, the districts still needed to reduce tractors by 105, and recommended a reduction of 41 motor graders. The report did not recommend any reduction in loader totals. MoDOT based the 2003 analysis, and recommended reductions, on average annual usage of MoDOT owned and leased equipment for fiscal years 2001 through 2003, with annual usage of 300 hours for tractors; 350 hours for motor graders, loaders, and truck distributors; 200 hours for trailer distributors; and 400 hours for backhoes.

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## Most districts reduced equipment to some extent

Officials from nine of MoDOT's ten districts told us they had either reduced heavy equipment fleets to some extent or gave reasons for not reducing the fleet. However, one district official said his district had not disposed of the

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<sup>6</sup> For example, the document established an annual tractor usage threshold of 300 hours.

<sup>7</sup> The analysis also showed the districts had 52 excess motor graders, 36 excess loaders, 55 excess truck/trailer distributors and 35 excess backhoes, but no reductions were recommended, pending further analysis.

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excess equipment because there was no incentive to do so and, therefore, the district was reluctant to participate.

According to the General Services Director, MoDOT headquarters has the authority to direct districts to dispose of underutilized equipment, but has chosen to limit the use of that authority because he believes district officials have better insight into their equipment needs. However, MoDOT's fleet manager said districts must request approval in order to retain underutilized equipment.<sup>8</sup> According to the fleet manager, equipment retention requests are reviewed by the fleet manager, the Director of General Services, and in many cases, the State Maintenance Engineer. Retention approvals normally allow districts to retain equipment for four to eight months, after which, districts must submit another request if the equipment is needed longer. If requests are not approved, districts must dispose of the equipment, according to the fleet manager.

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#### Tractor utilization has decreased since 2001

MoDOT's tractor utilization decreased between fiscal years 2001 and 2004, according to district records. For example, tractor utilization for 2001 and 2002 totaled 583,247 hours, while tractor utilization for 2003 and 2004 totaled 447,974 hours—a 135,273 hour, or 23 percent, reduction.

Our analysis of 2003 and 2004 data showed MoDOT potentially had 292 excess tractors based on the 300-hour utilization threshold MoDOT used in its 2003 usage study and 2004 follow-up report. We also found none of the 10 districts' average annual tractor utilization for the 2-year period met MoDOT's 300-hour threshold for tractors, and only 2 districts' average annual utilization exceeded 250 hours. Table 2 depicts district tractor usage for fiscal years 2003 and 2004.

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<sup>8</sup> According to MoDOT's State Maintenance Engineer, managers who are content to own worn out equipment rather than part with it often believe this equipment has no cost to them. However, he said, every unit has a cost of ownership.

**Table 2: MoDOT Tractor Utilization Not Meeting Its 300-Hour Threshold**

District	Average total hours	Average yearly hours <sup>1</sup>	Number of tractors <sup>2</sup>	Number needed based on threshold <sup>3</sup>	Number not meeting threshold
1	13,307	151	93	44	49
2	21,567	161	90	72	18
3	14,726	177	74	49	25
4	13,316	178	86	44	42
5	27,809	203	138	93	45
6	20,853	215	104	70	34
7	28,364	265	115	95	20
8	29,124	258	117	97	20
9	25,788	203	95	86	9
10	29,131	229	127	97	30
Totals	223,987	206	1,039	747	292

<sup>1</sup> Average yearly hours based on 1,088 tractors reporting usage for 2003 and 2004.

<sup>2</sup> As of September 2004.

<sup>3</sup> Required units were computed by dividing average total hours by MoDOT's 300-hour annual utilization threshold for tractors. This table includes all owned and leased tractors.

Source: SAO analysis of MoDOT records.

District officials told us leased tractors are used while there is underutilization of older owned tractors because the older owned tractors were no longer capable of pulling newer heavier equipment such as large batwing mowers. To operate the newer heavier equipment, MoDOT authorized its districts to obtain short-term leased tractors.<sup>9</sup>

Opportunities may exist for sharing MoDOT tractors

Our analysis also showed tractor utilization varied substantially within MoDOT districts, by district maintenance facilities. For example, one district's weekly tractor utilization ranged from only 1 hour to 3 hours per week at 15 different maintenance facilities for tractors owned by MoDOT. Our analysis covered tractor utilization during the typical (8 month) yearly mowing period of April through November. A March 2002 memo from MoDOT's state maintenance engineer to district offices said less equipment heightened the importance of planning tasks across boundary lines and the need to share equipment between buildings, areas, and districts. According to MoDOT's fleet manager, districts have shared equipment, but MoDOT has not analyzed the extent of sharing or established policies or procedures

<sup>9</sup> MoDOT districts have the authority to obtain tractors through short-term leases (leases less than 12 months) without obtaining approval from MoDOT headquarters. The tractors leased typically covered an 8-month (32 week) timeframe and allowed 300 hours of operation.

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requiring districts to evaluate sharing equipment among district maintenance facilities.

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**Conservation has not established utilization thresholds for tractors**

Conservation has also tracked its tractor usage. However, it has not established guidance stating utilization thresholds or what should be done with heavy equipment not meeting certain usage levels. In September 2003, Conservation's Fleet Manager presented fiscal year 2003 usage data on Conservation's tractor fleet, which he valued at \$4.8 million, to increase staff focus on equipment utilization. Data the fleet manager presented showed 140 (73 percent) of 193 department-owned tractors had been used less than 300 hours during fiscal year 2003. Our review of Conservation data also showed half (97) of the 193 tractors had been used less than 200 hours, and about a third (62) had been used less than 100 hours during this period. Table 3 depicts results from Conservation's fiscal year 2003 tractor utilization study for equipment exceeding 20 horsepower.

**Table 3: Tractor Utilization at Conservation (in hours)**

	<b>21 to 44</b>	<b>45 to 59</b>	<b>60 to 100</b>	<b>Over 100</b>
<b>Hours Used</b>	<b>Horsepower</b>	<b>Horsepower</b>	<b>Horsepower</b>	<b>Horsepower</b>
Low	38	20	28	92
High	342	527	717	880
Average	110	205	297	331

Source: Conservation Fleet Manager.

Conservation's presentation did not address usage thresholds or recommend area offices reduce the number of tractors owned. However, because of low utilization, the fleet manger pointed out renting, leasing, and sharing among Conservation area offices could be more efficient than owning all of Conservation's equipment.

According to Conservation's Fleet Manager, as the fleet management system becomes fully operational, Conservation will be preparing internal guidelines on utilization for all vehicles and equipment. As of March 3, 2005, the guidelines had not been developed.

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**DNR has not analyzed tractor use, or established use guidance**

DNR has not established equipment utilization criteria, or analyzed utilization data for all department tractors. Our analysis of DNR's 2003 and 2004 utilization data for 71 tractors, costing \$10,000 or more, showed an annual average utilization of 134 hours for fiscal year 2003 and 125 hours for fiscal year 2004.

A DNR official said DNR had not analyzed heavy equipment use or established utilization criteria for its equipment. The official also stated DNR's Division of State Parks tracks equipment utilization by use of motor vehicle reports, but had not tracked or analyzed the data on one system.

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According to the official, the Division of State Parks would be interested in establishing an equipment utilization system much like the Statewide Fleet Vehicle Utilization system.

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## Conclusions

Conservation, DNR, and MoDOT spent about \$10 million during fiscal years 2003 and 2004 to purchase or lease the same or similar heavy equipment items. However, the departments have not always coordinated procurements to achieve the lowest possible prices. Better coordination among the departments could result in additional savings when purchasing heavy equipment.

The agencies also lacked written policies and criteria to ensure full utilization of owned and leased heavy equipment. MoDOT had not developed utilization policies establishing usage criteria for heavy equipment. However, MoDOT's 2003 analysis of owned and leased equipment usage showed tractors and some other heavy equipment had been underutilized. MoDOT recommended districts reduce tractors and other heavy equipment inventories, and left it up to districts to determine reductions. Our analysis of 2004 usage data showed MoDOT had 292 potentially excess tractors based on its 300-hour usage criteria. We believe MoDOT should reassess the need for these tractors and ensure districts take every action to retain only those tractors actually needed to meet mission goals.

We also found opportunities exist for districts to share equipment more; however, MoDOT had not established policies requiring districts to share equipment when possible. Without this policy, districts may not take advantage of this opportunity. We believe sound business practices dictate MoDOT ensure districts maximize heavy equipment sharing and ensure districts keep only the number of tractors actually needed to accomplish district missions.

Conservation has tracked its tractor usage; however, it has not established guidance specifying usage thresholds, or what should be done with heavy equipment not meeting certain usage levels. Using MoDOT's 300-hour usage criteria, 73 percent of Conservation-owned tractors had been used less than 300 hours, about half had been used less than 200 hours, and a third had been used less than 100 hours. We believe Conservation should establish policies defining criteria for tractor and heavy equipment use and disposal of underused equipment.

DNR has not established guidance showing utilization thresholds, and, although it has tracked usage, it has not analyzed usage trends. Without

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guidance and usage analysis, the department cannot be assured heavy equipment has been fully utilized.

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## Recommendations

We recommend the Directors of the Departments of Conservation, Natural Resources, and Transportation:

1. Require procurement officials to periodically meet, to the extent possible, and coordinate, planned heavy equipment purchases.
2. Establish equipment utilization, sharing, and disposal policies and guidelines to ensure the efficient and economical utilization of department-owned and leased equipment.

We recommend the Commissioner of Administration:

3. Facilitate agencies' efforts to procure heavy equipment through other agencies' contracts.

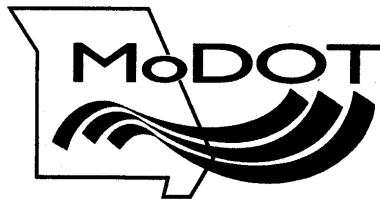
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## Agency Comments

Officials representing the Commissioner of Administration provided oral comments in a meeting on April 22, 2005. See Appendix I for other agency comments.

# Agency Comments

*Missouri  
Department  
of Transportation*



**Pete K. Rahn, Director**

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May 24, 2005

Mr. Kirk Boyer  
Director of Performance Audits  
Missouri State Auditors Office  
Truman State Office Building – Room 880  
Jefferson City, MO 65101

Dear Mr. Boyer:

Thank you for the opportunity to respond to the recommendations in the draft audit report on Heavy Equipment Utilization. MoDOT is proud of being an organization that strives for continuous improvement, and we will use your recommendations to help us on that road.

Your report recommends MoDOT work with the departments of Conservation and Natural Resources to coordinate heavy equipment acquisitions. We have written to those agencies, extending to them an invitation to work with us. A copy of that letter is enclosed.

You also recommend that we establish guidelines to ensure efficient and economical equipment utilization. As the report points out, we have already done work in this area, and achieved a 50 percent reduction in excess tractors in one year. We will continue to use fleet data to identify underutilized equipment and work with the districts to ensure greater efficiency.

Thank you again for your comments. Should you have any questions about this response, please feel free to contact me at your convenience.

Sincerely,

Dave DeWitt  
Director of Administrative Services

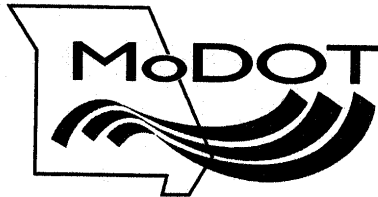
Enclosure

cc: Roberta Broeker – ai

*Our mission is to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri.*

Appendix I  
Agency Comments

Missouri  
Department  
of Transportation



Pete K. Rahn, Director

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May 19, 2005

Mr. John Hoskins, Director  
Missouri Department of Conservation  
2901 W. Truman Blvd.  
Jefferson City, MO 65101

and

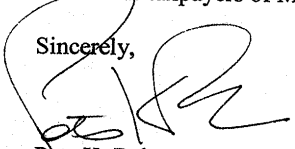
Mr. Doyle Childers, Director  
Missouri Department of Natural Resources  
1101 Riverside Drive  
Jefferson City, MO 65101

Dear Sirs:

No doubt you are familiar with a recommendation the State Auditor has made to each of us in a draft report. That recommendation urges greater coordination between our agencies in the purchase of heavy equipment items. MoDOT is eager to work with you.

The MoDOT personnel who are primarily responsible for the acquisition of heavy equipment are Dave DeWitt, who oversees our General Services Division, and Jeannie Wilson, who is in charge of fleet management. Please share these names with your staff and let them know we are willing to meet and work with you to coordinate heavy equipment purchases in any way that will benefit the taxpayers of Missouri.

Sincerely,

  
Pete K. Rahn  
Director

cc: Dave DeWitt – as ✓  
Jeannie Wilson – gs  
Roberta Broeker - ai

*Our mission is to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri.*



Appendix I  
Agency Comments



**MISSOURI DEPARTMENT OF CONSERVATION**

*Headquarters*

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Telephone: 573/751-4115 ▲ Missouri Relay Center: 1-800-735-2966 (TDD)

JOHN D. HOSKINS, Director

May 18, 2005

Mr. Kirk Boyer  
Room 880  
Truman State Office Building  
Jefferson City, MO 65101

Dear Mr. Boyer:

I reviewed the State Auditor's draft audit report titled "Statewide Heavy Equipment Utilization". My responses to the recommendations are as follows:

1. The Department of Conservation procurement officials have always made a sincere effort to spend state funds wisely and have purchased heavy equipment off other agency's contracts in the past when allowed by Office of Administration. We look forward to meeting with representatives from Department of Natural Resources and Missouri Department of Transportation to coordinate planned heavy equipment purchases.
2. As discussed with representatives of the auditor's staff, our usage of heavy equipment is dependent on several variables, such as weather, programs and need. Although we feel our staff discuss and communicate their needs with other staff in the area and share equipment when feasible, we will establish written guidelines addressing the expectation to share equipment, establishing criteria for normal expected usage, and requiring the review of usage logs and documentation of justification when actual usage is less than the established criteria.

In October 2002, State Auditor McCaskill assured the Conservation Commission that we would be given the opportunity to review the "yellow sheet" portion of the final audit report for accuracy prior to the release of the audit report. In accordance with that established arrangement, please email the "yellow sheet" to Nancy Dubbert, MDC Internal Auditor, at [nancy.dubbert@mdc.mo.gov](mailto:nancy.dubbert@mdc.mo.gov) when completed.

Thank you for the opportunity to respond to your recommendations. Please contact me or my staff if you have any questions.

Sincerely,

John D. Hoskins, Director  
Missouri Department of Conservation

COMMISSION

STEPHEN C. BRADFORD  
Cape Girardeau

ANITA B. GORMAN  
Kansas City

CYNTHIA METCALFE  
St. Louis

LOWELL MOHLER  
Jefferson City

Appendix I  
Agency Comments



Matt Blunt, Governor • Doyle Childers, Director

DEPARTMENT OF NATURAL RESOURCES

[www.dnr.mo.gov](http://www.dnr.mo.gov)

MAY 20 2005

The Honorable Claire C. McCaskill  
Missouri State Auditor  
P.O. Box 869  
Jefferson City, MO 65102

Dear Auditor McCaskill:

Enclosed are the Department of Natural Resources' responses to your Heavy Equipment Audit. Our responses to the two recommendations are from our Division of State Parks, but represent the department's view of cooperation with the other state agencies to ensure the efficient and economical utilization of state-owned and leased equipment.

Thank you for sharing the information noted during the audit and if you have any questions, please contact Ed Schneider, Internal Audit, at 751-1348.

Sincerely,

DEPARTMENT OF NATURAL RESOURCES

A handwritten signature in black ink, reading "Doyle Childers".

Doyle Childers  
Director

c: Kirk R. Boyer, State Auditor's Office

DC:eds

Enclosure



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## **Appendix I Agency Comments**

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### **Responses to Heavy Equipment Audit**

#### **Recommendations**

1. Require procurement officials to periodically meet, to the extent possible, and coordinate, planned heavy equipment purchases.

We agree with the recommendation. Procurement officers for each agency should coordinate a meeting shortly after the new fiscal years begin. Heavy equipment replacement/expansion needs for the upcoming year should be discussed. Detail specifications should be developed and forwarded to OA-Division of Purchasing for developing bids and contracts

2. Establish equipment utilization, sharing, and disposal policies and guidelines to ensure the efficient and economical utilization of department-owned and leased equipment.

We agree with the recommendation. We will develop a policy, which will guide the division utilization of heavy equipment. The division has established heavy equipment replacement criteria. These criteria along with documentation from the motor vehicle reports will be used to determine replacement needs. At that time, we will examine opportunities in geographical areas for efficient and economical utilization of heavy equipment.